

**Statement of Martin Gafinowitz
President, Gilbarco Veeder-Root**

**Testimony before the Domestic Policy Subcommittee
of the
House Committee on Oversight and Government Reform
June 8, 2007**

Gilbarco Veeder-Root is one of two major suppliers of retail fuel dispensing equipment in North America. We supply systems related to the pumping and environmental monitoring of fuel from the underground storage tank to the dispenser, fuel dispensers for retail and commercial applications, and point of sale and merchandising solutions for retailers. We supply a wide range of customers within the United States. No single customer accounts for more than 10 per cent of our revenues. Gilbarco Veeder-Root is global in scale, with manufacturing facilities in the United States, Europe, South America and Asia.

Gilbarco Veeder-Root, along with two other companies, Dresser Wayne and Kraus Global, supplies automatic temperature compensation (ATC) equipment to the Canadian and European markets.

Following some additional product development work, we can deploy our ATC equipment in the United States when there is adequate market demand to justify doing so. At this point, however, we have not seen a demand for the equipment in the US marketplace. There is concern in the industry that the use of ATC on an optional basis would lead to confusion in retail pricing and marketing of gasoline and would increase the cost of operations, while net benefits to consumers are more dubious. Further, if the market demand did exist to offer ATC for sale, the regulatory process for certifying ATC equipment is more complex than simply flipping a switch.

1. Provide an assessment of the reliability of temperature compensating technology.

The reliability of automatic temperature compensation depends upon both the accuracy of adjustment factor tables and the reliability of the electronics making the modification.

Temperature compensation has been used in Canada for over a decade, and we are not aware of any issues with reliability in that market. The electronics that make the adjustment have proven to be reliable in the Canadian marketplace.

The purpose of the adjustment is to ensure that consumers receive the same amount of energy per gallon, rather than a consistent volume, as is the current regulatory requirement in the United States. Automatic temperature compensation involves using a table of adjustment factors to electronically modify the mechanical pulse signal within a dispenser based upon the temperature of the fuel compared to a reference temperature. The Canadian specification adjusts fuel volume to reflect a constant temperature of 15 degrees C (60.9 F). These adjustment factor

tables are traditionally defined by a national body, such as the National Conference on Weights and Measures in the United States, and can be developed using known physical properties of a liquid.

2. What is the worldwide market for automatic temperature compensation?

Temperature compensation is currently allowed on an optional basis in Canada, Switzerland and the United Kingdom. In January, 2008, it will be mandatory in Belgium. We estimate the current global market size for ATC components to be between \$4 million and \$8 million.

3. What steps has Gilbarco taken to bring ATC to market in the United States?

Gilbarco Veeder-Root has not attempted to bring the product to market, as we have not perceived sufficient customer demand for it. We are in the business of supplying products that meet the needs of our customers, not in setting policy or regulations. When there is sufficient market demand for this type of equipment, we will be prepared to meet it.